SENATE BILL No. 490

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Property taxes. Provides a property tax replacement credit against county property tax levies to taxpayers in certain taxing districts in which the assessed valuation subject to property tax exemption is proportionally greater than the average assessed valuation (weighted for the relative taxable assessed value) subject to exemption in other taxing districts in the county. Specifies that a property tax replacement credit is provided only in counties in which the percentage of assessed valuation subject to exemption for at least one taxing district is at least 20% greater than the county average. Imposes a property tax levy to replace the revenue lost due to the credit in each taxing district in which the assessed valuation subject to exemption is proportionally less than the average assessed valuation subject to exemption in other taxing districts in the county. Specifies that the property taxes imposed to replace the lost revenue are not subject to the circuit breaker credit or to the property tax levy limits.

Effective: July 1, 2009.

Broden

January 15, 2009, read first time and referred to Committee on Appropriations.

Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 490

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-17-1, AS AMENDED BY P.L.146-2008, SECTION 146, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined

according to procedures established by the department of local government finance;

(5) the amount of the political subdivision's assessed valuation reduction determined under section 0.5(d) of this chapter;

(6) for counties with taxing units that cross into or intersect with other counties, the assessed valuation as shown on the most current abstract of property; ~~and~~

(7) the county auditor's determinations under IC 6-1.1-46-2; and

~~(7)~~ **(8)** any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

(d) Subject to subsection (e) and except as provided in subsection (f), after the county auditor sends a certified statement under subsection (a) or an amended certified statement under this subsection with respect to a political subdivision and before the department of local government finance certifies its action with respect to the political subdivision under section 16(f) of this chapter, the county auditor may amend the information concerning assessed valuation included in the earlier certified statement. The county auditor shall send a certified statement amended under this subsection, under the seal of the board of county commissioners, to:

(1) the fiscal officer of each political subdivision affected by the amendment; and

(2) the department of local government finance.

(e) Except as provided in subsection (g), before the county auditor makes an amendment under subsection (d), the county auditor must provide an opportunity for public comment on the proposed amendment at a public hearing. The county auditor must give notice of the hearing under IC 5-3-1. If the county auditor makes the amendment as a result of information provided to the county auditor by an assessor, the county auditor shall give notice of the public hearing to the assessor.

(f) Subsection (d) does not apply to an adjustment of assessed valuation under IC 36-7-15.1-26.9(d).

(g) The county auditor is not required to hold a public hearing under subsection (e) if:

(1) the amendment under subsection (d) is proposed to correct a mathematical error made in the determination of the amount of assessed valuation included in the earlier certified statement;

(2) the amendment under subsection (d) is proposed to add to the amount of assessed valuation included in the earlier certified statement assessed valuation of omitted property discovered after the county auditor sent the earlier certified statement; or

(3) the county auditor determines that the amendment under subsection (d) will not result in an increase in the tax rate or tax rates of the political subdivision.

SECTION 2. IC 6-1.1-20.6-7.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 7.7. Property taxes imposed under IC 6-1.1-46 may not be considered for purposes of calculating a person's credit under this chapter and may not be reduced on account of the granting of a credit under this chapter.**

SECTION 3. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Chapter 46. Property Tax Replacement Credit for Taxing Districts With a Greater Than Average Amount of Tax Exempt Property

Sec. 1. As used in this chapter, "assessed valuation subject to exemption" means the sum of the assessed value of real property:

(1) that is subject to assessment under this article; and

(2) is exempt from property taxation under IC 6-1.1-11 or any other provision.

Sec. 2. (a) Before August 1 of 2009 and of each year thereafter, the county auditor shall determine for each taxing district in the county the extent to which the assessed valuation subject to exemption in the taxing district for property taxes first due and payable in the preceding calendar year differs from the average amount of assessed valuation subject to exemption in all taxing districts in the county for property taxes first due and payable in the preceding calendar year. The difference is the amount determined under STEP SEVEN of the following formula:

STEP ONE: Determine the assessed valuation subject to exemption in the taxing district for property taxes first due

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and payable in the preceding calendar year.

STEP TWO: Determine the sum of the STEP ONE amounts for all taxing districts in the county.

STEP THREE: Determine the gross assessed valuation in the taxing district for property taxes first due and payable in the preceding calendar year.

STEP FOUR: Determine the sum of the STEP THREE amounts for all taxing districts in the county.

STEP FIVE: Determine the result of the STEP TWO amount divided by the STEP FOUR amount.

STEP SIX: Multiply the STEP THREE amount for the taxing district by the STEP FIVE amount.

STEP SEVEN: Determine the result of the STEP ONE amount minus the STEP SIX amount.

(b) On or before August 1 of 2009 and of each year thereafter, the county auditor shall certify the following to each township in the county and to the department of local government finance:

(1) The amount of the difference determined under subsection (a) for each taxing district in the county.

(2) For each taxing district in the county, a statement indicating whether the amount determined under subsection (a) for the taxing district is a positive number, a negative number, or zero (0).

(3) The total assessed valuation subject to exemption in each taxing district.

(4) If the amount determined under subsection (a) is:

(A) a number greater than zero (0), a statement that:

(i) the assessed valuation subject to exemption in the taxing district for property taxes first due and payable in the preceding calendar year is proportionally greater than the average assessed valuation subject to exemption in the taxing districts in the county for property taxes first due and payable in the preceding calendar year; and

(ii) except as provided in subsection (c), taxpayers in the taxing district are eligible for an additional property tax replacement credit under this chapter;

(B) a number that is less than zero (0), a statement that:

(i) the assessed valuation subject to exemption in the taxing district for property taxes first due and payable in the preceding calendar year is proportionally less than the average assessed valuation subject to exemption in

the taxing districts in the county for property taxes first due and payable in the preceding calendar year; and

(ii) except as provided in subsection (c), the taxing district is required to impose a property tax replacement credit levy under this chapter; or

(C) zero (0), a statement that:

(i) the assessed valuation subject to exemption in the taxing district for property taxes first due and payable in the preceding calendar year is proportionally the same as the average assessed valuation subject to exemption in the taxing districts in the county for property taxes first due and payable in the preceding calendar year; and

(ii) the credits granted by this chapter and the levies imposed by this chapter do not apply to the taxing district.

(c) Additional property tax replacement credits may not be provided and property tax replacement credits may not be imposed under subsection (b) in a county unless the amount determined in the following STEPS is at least two-tenths (0.2) for at least one (1) taxing district in the county:

STEP ONE: Determine the result of:

(A) the amount determined for the taxing district under STEP ONE of subsection (a); divided by

(B) the amount determined for the taxing district under STEP THREE of subsection (a).

STEP TWO: Determine the result of:

(A) the STEP ONE amount; minus

(B) the amount determined under STEP FIVE of subsection (a).

Sec. 3. A taxpayer in a taxing district in which the assessed valuation subject to exemption for property taxes first due and payable in the preceding calendar year is proportionally greater than the average assessed valuation subject to exemption in the taxing districts in the county for property taxes first due and payable in the preceding calendar year is entitled to a credit against the taxpayer's tax liability for county property tax levies.

Sec. 4. The additional property tax replacement credit to which a taxpayer is entitled under this chapter is the amount determined under the following formula:

STEP ONE: Determine the sum of the amounts that are levied for the calendar year in the county under section 5 of this chapter, as determined by the department of local

government finance in fixing the county's budget, levy, and rate for the calendar year under IC 6-1.1-17.

STEP TWO: Determine the assessed valuation subject to exemption in the taxing district for property taxes first due and payable in the preceding calendar year.

STEP THREE: Determine the sum of the STEP TWO amounts for all taxing districts in the county for which the result in section 2(b) of this chapter is a number greater than zero (0).

STEP FOUR: Determine the result of the STEP TWO amount divided by the STEP THREE amount.

STEP FIVE: Multiply the STEP ONE amount by the STEP FOUR amount.

STEP SIX: Determine the sum of the property tax levies being imposed by the county for the most recent assessment date in the taxing district.

STEP SEVEN: Determine the taxpayer's tax liability for the property tax levies being imposed by the county for the most recent assessment date in the taxing district.

STEP EIGHT: Determine the result of the STEP SEVEN amount divided by the STEP SIX amount.

STEP NINE: Multiply the STEP FIVE amount by the STEP EIGHT amount.

Sec. 5. A property tax levy shall be imposed by the county under section 6 of this chapter in a taxing district in which the assessed valuation subject to exemption for property taxes first due and payable in the preceding calendar year is proportionally less than the average assessed valuation subject to exemption in the taxing districts in the county.

Sec. 6. The amount of the property tax levy to be imposed in a taxing district under section 5 of this chapter is determined under the following formula:

STEP ONE: Determine the absolute value of the amount certified for the taxing district under STEP SEVEN of section 2(a) of this chapter for the most recent assessment date.

STEP TWO: Determine the net assessed valuation in the taxing district for property taxes first due and payable in the preceding calendar year.

STEP THREE: Subtract the STEP ONE amount from the STEP TWO amount.

STEP FOUR: Determine the sum of all property tax levies imposed by the county in the taxing district for property taxes

first due and payable in the preceding calendar year.

STEP FIVE: Determine the total tax rate that would have been necessary to raise the STEP FOUR amount in the taxing district for property taxes first due and payable in the preceding calendar year if the STEP FOUR amount had been raised using the assessed valuation amount determined under STEP THREE.

STEP SIX: Determine the total county tax rate imposed in the taxing district for property taxes first due and payable in the preceding calendar year.

STEP SEVEN: Determine the result of:

(A) the STEP FIVE amount; minus

(B) the STEP SIX amount.

STEP EIGHT: Determine the result of:

(A) the STEP SEVEN amount; multiplied by

(B) the STEP TWO amount.

Sec. 7. The tax rate for the levy imposed by the county in a taxing district is the tax rate necessary to raise the property tax levy determined under section 6 of this chapter using the assessed valuation that is actually subject to taxation in the taxing district.

Sec. 8. (a) The property tax levy limits imposed by IC 6-1.1-18.5-3 do not apply to property taxes imposed under this chapter.

(b) For purposes of computing the property tax levy limits imposed on a county by IC 6-1.1-18.5-3, a property tax levy for a calendar year does not include the part of the county's levy that is levied under this chapter.

Sec. 9. The department of local government finance shall certify under IC 6-1.1-17 the property tax levies required under section 6 of this chapter and the tax rates required under section 7 of this chapter. To comply with this section, the department of local government finance may certify a property tax levy that exceeds the amount originally fixed by the county in a taxing district.

Sec. 10. Proceeds received under this chapter may not be considered a levy excess under IC 6-1.1-18.5-17.

Sec. 11. (a) A taxing district property tax replacement credit account is established in the general fund of each county. The county treasurer shall deposit the amount collected from a property tax levy imposed under this chapter in the account.

(b) The amount in a taxing district property tax replacement credit account may be used only to replace property tax revenues lost as the result of granting property tax replacement credits to

taxpayers with property in taxing districts in which the assessed valuation subject to exemption for property taxes first due and payable in the preceding calendar year is proportionally greater than the average assessed valuation subject to exemption in the taxing districts in the county.

Sec. 12. The money in the property tax replacement credit account shall be distributed to the funds of the county as though the money were property tax collections and in such a manner that no county fund suffers a net revenue loss due to the allowance of property tax replacement credit under this chapter. However, if the money in the taxing district exemption property tax replacement credit account is insufficient to replace all the revenue lost, the amount distributed to each county fund shall be reduced proportionally.

SECTION 4. [EFFECTIVE JULY 1, 2009] **IC 6-1.1-46, as added by this act, applies only to property taxes first due and payable after December 31, 2009.**